

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent application of :
Sherwood CREEDLE et al. : Group Art Unit: 3689
Application No.: 10/673,142 : Examiner: Matthew S. Meyers
Filed: September 30, 2003 : Confirmation No.: 3841

Title: ADMINISTERING A CONTACT OVER A DATA NETWORK

APPEAL BRIEF

Honorable Assistant Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

In connection with the Notice of Appeal dated May 20, 2008, Applicants provide the following Appeal Brief in the above-captioned application.

TABLE OF CASES

1. *Bernhardt, L.L.C. v. Collezione Europa USA, Inc.*, 386 F.3d 1371, 72 USPQ2d 1901 (Fed. Cir. 2004).
2. *Micro Chemical, Inc. v. Great Plains Chemical Co.*, 103 F.3d 1538, 41 USPQ2d 1238 (Fed. Cir. 1997).
3. *Elan Corp. PLC v. Andrx Pharms. Inc.*, 366 F.3d 1336, 70 USPQ2d 1722 (Fed. Cir. 2004).
4. *In re Wyer*, 655 F.2d 221, 210 USPQ 790 (CCPA 1981).
5. *In re Paulsen*, 30 F.3d 1475, 31 USPQ2d 1671 (Fed. Cir. 1994).
6. *In re Spada*, 911 F.2d 705, 15 USPQ2d 1655 (Fed. Cir. 1990).
7. *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983).
8. *Minnesota Min. & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 24 USPQ2d 1321 (Fed. Cir. 1992).
9. *Scripps Clinic & Res. Found. v. Genentech, Inc.*, 927 F.2d 1565, 18 USPQ2d 1001 (Fed. Cir. 1991).
10. *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727; 82 U.S.P.Q.2D 1385 (2007).
11. *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966).
12. *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406 (CA6 1964).
13. *Ex parte Crawford, et al.*, Appeal 20062429, May 30, 2007.

1. Real Party in Interest

The real party in interest as assignee of the entire right and title to the invention described in the present application is Hart Business Solutions, having a principle business address of Post Office Box 487, South Hill, Virginia 23970, USA.

2. Related Appeals and Interferences

There are no known related appeals or interferences at this time.

3. Status of the Claims

Claims 1-4, 6-7, 11-24 and 28-37 are pending in this application. Claims 5, 8-10 and 25-27 have been previously canceled, without prejudice and without disclaimer of the subject matter. No claims are withdrawn from consideration.

Claims 1-4, 6-7, 11-24 and 28-37 are the subject of the present Appeal. Claims 1-4, 6-7, 11-24 and 28-37 are finally rejected, and are duplicated in the Appendix.

4. Status of the Amendments

A Final Office Action on the merits was mailed on April 16, 2008. There are no pending amendments with respect to this application.

5. Summary of the Claimed Subject Matter¹

In accordance with an embodiment, a method for administering performance of a contract, using a server (Fig. 1, 52) accessible by multiple performing parties (Fig. 1, 102-105) through a data network (Fig. 1, 50), includes receiving performance data (Fig. 10, s1014-s1018; Fig. 8) at the server (Fig. 1, 52) from at least one of the performing parties (Fig. 1, 102-105) through the data network (Fig. 1, 50), the performance data

¹ In the description to follow, citations to various reference numerals, drawings, and corresponding text in the specification reference corresponding U.S. Patent Application Pub. No. 2007/0288334, and are provided solely to comply with Patent Office rules. It is emphasized that these reference numerals, drawings, and text are representative in nature, and not in any way limiting of the true scope of the claims. It would therefore be improper to import anything into any of the claims simply on the basis of illustrative language that is provided here only under the obligation to satisfy Patent Office rules for maintaining an Appeal.

indicating an amount of work performed under the contract (Fig. 8, s820; para. [0095]) by the at least one performing party (Fig. 1, 102-105); automatically calculating a contract markup amount based on the performance data (Fig. 10, s1028-s1034; para. [0110]; Fig. 11); and determining a payment amount based on the performance data and the contract markup amount (Fig. 10, s1034-s1036; Fig. 11). (Kindly refer to paragraphs [0121], [0129], as well as claim 1, Figs. 9, 12A-12C, for further details.)

In accordance with another embodiment, a method for administering performance of a project, using web server (Fig. 1, 52) accessible through a packet switched data network (Fig. 1, 50), includes creating a general contract schedule of values relating to the project (Fig. 2, s214; para. [0063]; Fig. 4), the general contract schedule of values including general contract line items (Fig. 5); receiving at least one subcontract schedule of values (Fig. 2, s218; para. [0076]) via the packet switched data network (Fig. 1, 50), the subcontract schedule of values including subcontract line items (para. [0077]); receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values (Fig. 2, s222; Fig. 7; paras. [0077]-[0081]); receiving at least one subcontract application for payment (Fig. 8, s826; para. [0101]) via the packet switched data network (Fig. 1, 50), the subcontract application for payment including the subcontract line items (para. [0079]); updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment (Fig. 10, s1028-s1036); and creating a general contract application for payment based on the updated contract line items (Fig. 10, s1036-s1040; Fig. 11). The general contract application for payment automatically determines a total performed work amount and a payment amount due based on the total performed work amount (Fig. 10, s1034-s1036; Fig. 11; paras. [0132]-[0133]). (Kindly refer to paragraphs [0065] through [0069], as well as claim 12, Figs. 4, 6, 11 for further details.)

In accordance with another embodiment, a system for enabling a contract payment process, includes a database (Fig. 1, 53) for storing data relating to users, the data including an account number corresponding to each user (para. [0137]); and a computer (Fig. 1, 52) for receiving via a communications network (Fig. 1, 50) a payment

request from at least one user of the users (Fig. 10, s1014-s1018; Fig. 8, s826), the request for payment being based on performance of at least one portion of the contract by the user ((Fig. 8, s820; para. [0095]; Fig. 9). An electronic payment directed to the account number corresponding to the user is initiated in response to the payment request when the payment request is approved (paras. [0136]-[0137]). (Kindly refer to paragraphs [0092], [0102], [0137], as well as claim 28, Figs. 8-10, for further details.)

In accordance with another embodiment, a method for administering performance of a contract using a server (Fig. 1, 52) accessible by multiple performing parties through a data network (Fig. 1, 50), includes receiving performance data (Fig. 10, s1014-s1018; Fig. 8) at the server (Fig. 1, 52) from at least one of the performing parties (Fig. 1, 102-105) through the data network (Fig. 1, 50), the performance data indicating an amount of work performed under the contract by the at least one performing party (Fig. 8, s820; para. [0095]); determining a payment amount based on the performance data (Fig. 10, s1034-s1036; Fig. 11); and sending the payment amount from the server (Fig. 1, 52) to another one of the performing parties (paras. [0136]-[0137]) through the data network (Fig. 1, 50). (Kindly refer to paragraphs [0102], [0121], [0129], [0137], as well as claim 31, Figs. 9, 11, for further details.)

In accordance with another embodiment, a computer readable medium (para. [0142]) storing a computer program (para. [0141]) for administering performance of a contract, the computer program being executed by a computer accessible through a data network (Fig. 1, 50), includes a general schedule of values code segment for enabling creation of a general contract schedule of values relating to the project (Fig. 2, s214; para. [0063]; Fig. 4), the general contract schedule of values including general contract line items (Fig. 5); a subcontract schedule of values code segment for receiving at least one subcontract schedule of values (Fig. 2, s218; para. [0076]) via the data network (Fig. 1, 50), the subcontract schedule of values including subcontract line items (para. [0077]); an associating code segment for receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values (Fig. 2, s222; Fig. 7; paras. [0077]-[0081]); a subcontract payment application code segment for receiving at least one subcontract application for

payment (Fig. 8, s826; para. [0101]) via the packet switched data network (Fig. 1, 50), the subcontract application for payment including the subcontract line items (para. [0079]); an updating code segment for automatically updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment (Fig. 10, s1028-s1036); and a general contract payment application code segment for creating a general contract application for payment based on the updated contract line items (Fig. 10, s1036-s1040; Fig. 11). The general contract application code segment automatically determines a total performed work amount and a payment amount due based on the total completed work amount (Fig. 10, s1036; Fig. 11; paras. [0132]-[0133]). (Kindly refer to paragraphs [0065] through [0069], as well as claim 34, Figs. 4, 6, 11 for further details.)

6. Grounds of Rejection to be Reviewed on Appeal

The issues in the present matter are whether:

- I. Claims 1-4, 6-7, 11-24, 29 and 30-33 are properly rejected under 35 U.S.C. § 102(b) based on public use or sale of the invention;
- II. Claims 1, 2, 4, 6-7, 28-30 and 31-33 are properly rejected under 35 U.S.C. § 102(b) as being anticipated by "Primavera Launches PrimeContract for the Construction Industry; PrimeContract Streamlines E-Commerce, Collaboration and Project Control via the Internet," BUSINESS WIRE, November 29, 2000 (hereinafter "the PRIMAVERA Article");
- III. Claim 3 is properly rejected under 35 U.S.C. § 103(a) as being unpatentable over "Primavera" in view of "SK Drywall v. Developers Financial," ARIZONA BUSINESS GAZETTE, November 8, 1991, p. 52;
- IV. Claim 11 is properly rejected under 35 U.S.C. § 103(a) as being unpatentable over "Primavera" in view of "Retainage, what is it?" NEW YORK STATE OFFICE OF THE STATE COMPTROLLER, ACCOUNTING BULLETIN A-191 R1 (last updated October 18, 1999); and
- V. Claims 12-24 and 34-37 are properly rejected under 35 U.S.C. § 103(a) as being unpatentable over "Primavera, as evidenced by Brochure," referring to

"Primavera PrimeContract: The Future of Construction" (2001) (hereinafter "the PRIMAVERA Brochure").

7. Argument

In this portion of the Appeal Brief, arguments are provided. Notably, wherever applicable, Applicants maintain previous arguments for patentability provided in responses to Office Actions.

I. Rejection under 35 U.S.C. § 102(b) – On Sale/Public Use

The Final Office Action rejected claims 1-4, 6-7, 11-24, 29 and 30-33 under 35 U.S.C. § 102(b) based on public use or sale of the invention. *See* Final Office Action, pg. 2. In particular, the Final Office Action cites a confidential meeting, held more than one year before the filing date of provisional patent application 60/415,762 (October 4, 2002) from which the present application claims priority. As disclosed by Applicants in an Information Disclosure Statement, filed April 9, 2004, the meeting included two of the inventors, two contractors and a subcontractor, the general concept was discussed and a presentation was distributed. The rejection is based on Applicants' description of the meeting, as well as various portions of the PowerPoint presentation distributed to (and subsequently collected from) meeting participants.

In the First Office Action (October 15, 2007), the Examiner had raised the same rejection. In part, the Examiner rejected Applicants' characterization of the meeting as not constituting a public use or sale (as set forth in the Information Disclosure Statement), stating that "Applicant has not presented any evidence supporting his assertion." *See* First Office Action, p. 3. In response, Applicants submitted a detailed declaration by inventor Sherwood Creedle ("Creedle Declaration"), attached to the previous Amendment, filed January 8, 2008. A copy of the Creedle Declaration is also attached hereto in the "Evidence" Appendix.

The Creedle Declaration states that the purpose of the meeting was to present the concept to the invitees, who had experience and expertise in contract administration, to get feedback and to attempt to determine marketability. (Creedle Declaration, ¶¶6, 7). It

was not the purpose of the meeting to make an offer to sell to any of the attendees, and an offer to sell was not made during the meeting. (Creedle Declaration, ¶8). Applicants therefore submit that, based on the undisputed evidence provided in the Creedle Declaration, the meeting did not constitute a public use or an offer to sell under 35 U.S.C. 102(b), at least for the following reasons.

First, the purpose of the meeting was not to make an offer to sell, and no offer to sell was actually made during the meeting. (Creedle Declaration, ¶8). Rather, the purpose of the meeting was to gather feedback from the attendees, who were considered to have expertise in performing and administering construction contracts, and to determine whether a product generally enabling administration of a contract over the Internet was desirable and whether there was a potential market. (Creedle Declaration, ¶¶6, 7).

Second, the disclosure to the third parties was done in accordance with an agreement of confidentiality. Hart Business Solutions (the assignee of the present application) had a written confidentiality agreement in place with its contractor for software development, Captech Ventures, Inc. (Creedle Declaration, ¶15). With respect to the other meeting attendees, there were only two general contractors and the subcontractor (Creedle Declaration, ¶3).² The circumstances of the meeting clearly indicated a reasonable expectation of confidentiality: The meeting was private and by invitation only (Creedle Declaration, ¶¶3, 4, 9); the attendees were told that the information was confidential (Creedle Declaration, ¶9), the attendees were not permitted to keep copies of the PowerPoint presentation, which were deliberately collected at the end of the meeting (Creedle Declaration, ¶10), and the attendees were not permitted to take notes (Creedle Declaration, ¶11). Such an expectation of confidentiality is sufficient, even in the absence of a written confidentiality agreement. *See* MPEP 2133.03(a)(II)(A)(4) (citing *Bernhardt, L.L.C. v. Collezione Europa USA, Inc.*, 386 F.3d 1371, 1380-81, 72 USPQ2d 1901, 1909 (Fed. Cir. 2004)). For example, as set forth in

² The Examiner insinuated that there were additional attendees based on the term "Guests" on page 3 of the PowerPoint presentation. *See* Final Official Action, p. 3. However, the "Guests" merely referred to the two general contractors and one subcontractor who attended the meeting (Creedle Declaration, ¶14).

the MPEP, factors considered by the Federal Circuit in determining whether the “totality of the circumstances” indicated that an exhibition was confidential included the facts that an exhibition display “‘was not open to the public, that the identification of attendees was checked against a list of authorized names ..., that attendees were escorted through the showroom, and that the attendees were not permitted to make written notes or take photographs inside the showroom.’” *Id.* As indicated by the attached Declaration, the totality of the circumstances shows that Applicants’ discussions were similarly intended to be confidential and Applicants had a reasonable expectation of privacy. See MPEP 2133.03(a)(II)(A)(3) and (4).

Third, regardless of the confidentiality, the general concept was in the early design stages, in that no software code had yet been developed or written at the time of the meeting. (Creedle Declaration, ¶5). Therefore, the invention was not yet sufficiently reduced to practice for there to be an offer to sell. See, e.g., MPEP 2133.03(b)(II)(C). “The on-sale bar was not triggered by an offer to sell because the inventor ‘was not close to completion of the invention at the time of the alleged offer and had not demonstrated a high likelihood that the invention would work for its intended purpose upon completion.’” *Id.* (quoting *Micro Chemical, Inc. v. Great Plains Chemical Co.*, 103 F.3d 1538, 1545, 41 USPQ2d 1238, 1243 (Fed. Cir. 1997)).

Fourth, even if the invention had been close to completion, there was no discussion that rose to the level of detail sufficient to constitute an offer to sell under 35 U.S.C. § 102(b). For example, there was no discussion of price and/or a time or place of delivery (Creedle Declaration, ¶¶12, 13), and no such offer was actually made (Creedle Declaration, ¶8). No offer to sell occurs where the discussions “lacked material terms of a commercial offer such as pricing for the product, quantities, time and place of delivery, and product specifications” MPEP 2133.03(b)(II)(D) (citing *Elan Corp. PLC v. Andrx Pharms. Inc.*, 366 F.3d 1336, 1341, 70 USPQ2d 1722, 1728 (Fed. Cir. 2004)). Moreover, there was no actual offer to sell made during the meeting. (Creedle Declaration, ¶8).

In response, the Examiner did not provide any contradictory facts or additional evidence, did not specifically address any of Applicants’ legal arguments, and did not

provide any alternative grounds of rejection with respect to on-sale bar or public use rejections under 35 U.S.C. § 102(b). *See* Final Office Action, pp. 2-4. Rather, the same grounds and reasons for rejecting the claims are simply repeated (except that the claims to which the rejection applied changed slightly, based on claim cancellations and new claim submissions by Applicants in the previous Amendment). *Id.* In addition, the Examiner stated generally, with respect to the entire Amendment, that “Applicant’s arguments filed 1/08/08 have been fully considered but they are not persuasive.” *See* Final Office Action, p. 17.

Accordingly, based on the undisputed evidence, and for the reasons state above, Applicants respectfully submit that the rejection of claims 1-4, 6-7, 11-24, 29 and 30-33 under 35 U.S.C. § 102(b), based on on-sale bar and/or public use, should be withdrawn.

Further, to the extent the rejection of claims 1-4, 6-7, 11-24, 29 and 30-33 under 35 U.S.C. § 102(b) depends on the PowerPoint presentation, Applicants respectfully submit that the PowerPoint presentation is not a printed publication. In particular, the PowerPoint presentation was distributed in confidence to the meeting attendees, and subsequently collected at the end of the meeting. (Creedle Declaration, ¶¶9, 10). Therefore, the PowerPoint presentation was not “disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art, exercising reasonable diligence, can locate it.” *See* MPEP 2128 (citing *In re Wyer*, 655 F.2d 221, 210 USPQ 790 (CCPA 1981)). Therefore, the PowerPoint presentation cannot form the basis of a rejection under 35 U.S.C. § 102(b), and thus the rejection show be withdrawn.

II. Rejection under 35 U.S.C. § 102(b)

The Final Office Action rejected claims 1, 2, 4, 6-7, 28-30 and 31-33 under 35 U.S.C. § 102(b) as being anticipated by “Primavera Launches PrimeContract for the Construction Industry; PrimeContract Streamlines E-Commerce, Collaboration and Project Control via the Internet,” BUSINESS WIRE, November 29, 2000 (hereinafter “the PRIMAVERA Article”).

Applicants rely at least on the following standards with regard to proper rejections

under 35 U.S.C. § 102. Notably, anticipation requires that each and every element of the claimed invention be disclosed in a single prior art reference. *See, e.g., In re Paulsen*, 30 F.3d 1475, 31 USPQ2d 1671 (Fed. Cir. 1994); *In re Spada*, 911 F.2d 705, 15 USPQ2d 1655 (Fed. Cir. 1990); *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303, 313 (Fed. Cir. 1983). Alternatively, anticipation requires that each and every element of the claimed invention be embodied in a single prior art device or practice. *See, e.g., Minnesota Min. & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 24 USPQ2d 1321 (Fed. Cir. 1992). For anticipation, there must be no difference between the claimed invention and the reference disclosure, as viewed by a person of ordinary skill in the field of the invention. *See, e.g., Scripps Clinic & Res. Found. v. Genentech, Inc.*, 927 F.2d 1565, 18 USPQ2d 1001 (Fed. Cir. 1991).

A. Final Office Action

i. Claim 1

Independent claim 1 is drawn to a method for administering performance of a contract using a server accessible by performing parties through a data network, and features:

“...receiving performance data at the server from at least one of the performing parties through the data network, the performance data indicating an amount of work performed under the contract by the at least one performing party; automatically calculating a contract markup amount based on the performance data; and determining a payment amount based on the performance data and the contract markup amount.”

In rejecting claim 1 under 35 U.S.C. § 102(b), the Final Office Action states, in part, that the PRIMAVERA Article teaches a method for administering performance of a contract over a data network that includes “automatically calculating a contract markup amount based on the performance data (Contract details are entered one time using familiar forms, and subcontractors simply apply performance data against the defined

schedule of values, Para. 8)” See Final Office Action, pgs. 4-5. Paragraph 8 of the PRIMAVERA Article on which the Examiner relies, provides as follows, in its entirety:

PrimeContract subscribers use a web browser to prepare, submit and negotiate monthly progress payments, accelerating today’s time-consuming and labor intensive payment negotiation process. Contract details are entered one time using familiar forms, and subcontractors simply apply performance data against the defined schedule of values. PrimeContract notifies buyers and sellers via email that the other party has responded to the latest declaration of progress. After the buyer and sell agree on the proper payment for progress that period, a third party is able to certify the application, which then triggers payment. Application for payment information can also integrate with contract and requisition information found in Primavera Expedition, eliminating the duplication of effort. (Emphasis added).

As an initial matter, Applicants note that the Examiner had previously admitted that the PRIMAVERA Article “does not specifically teach the use of markups. See First Office Action, p. 9 (rejecting claim 5, the subject matter of which has since be substantially incorporated into independent claim 1). However, the Final Office Action now relies on the PRIMAVERA Article to reject this very same feature.

Regardless, Applicants submit that paragraph 8 of the PRIMAVERA Article does not disclose automatically calculating a contract markup amount based on the performance data, and determining a payment amount based, in part, on the contract markup amount. First, the PRIMAVERA Article states that subcontractors apply performance data against a defined schedule of values. To the extent this statement may support calculating contract markup, it teaches away from the markup being calculated automatically. Second, there is absolutely no mention of markup in the PRIMAVERA Article (which led to the Examiner’s initially current observation that the PRIMAVERA Article does not teach this feature). Subcontractors merely applying performance data against a defined schedule of values would appear to involve simply associating work performed with previously determined schedule entries. This effort does not disclose automatically (or even manually) calculating a contract markup amount based on the performance data.

ii. Claim 28

Independent claim 28 is drawn to a system for enabling a contract payment process, and features:

"...a database for storing data relating to each of a plurality of users, the data comprising an account number corresponding to each user... wherein an electronic payment directed to the account number corresponding to the user is initiated in response to the payment request when the payment request is approved."

In rejecting claim 28 under 35 U.S.C. § 102(b), the Final Office Action states, in part, that the PRIMAVERA Article teaches "a database for storing data relating to each of a plurality of users, the data comprising an account number corresponding to each user (interpreted to be the contract details, Para. 9)" See Final Office Action, pg. 6. Paragraph 9 of the PRIMAVERA Article on which the Examiner relies, in addition to paragraph 8, provides as follows:

"Payment applications take us up to 60 days to process, which makes our actual project cost data 30 to 60 days old," states Eric Evans "With PrimeContract's progress payment capability, we see the benefits of staying within budget and being able to use our contractor resources more effectively. This tool will allow us to consolidate data and access it in real time, shaving two-to-three weeks off of our current payment processes."

Applicants submit that paragraphs 8 and 9 of the PRIMAVERA Article do not disclose a database for storing data relating to each user, the data comprising an account number corresponding to each user, or initiating an electronic payment directed to the account number corresponding to the user in response to an approved payment request. The discussion relating to payment is that "a third party is able to certify the application, which then triggers payment" (paragraph 8) and that "[t]his tool will allow us to consolidate data and access it in real time, shaving two-to-three weeks off of our current payment processes" (paragraph 9). There is no mention of an account number

corresponding to a user, a database that stores an account number, an electronic payment or an electronic payment being directed to the account number corresponding to the user in response to an approved payment request.

iii. Claim 31

Independent claim 31 is drawn to a method for administering performance of a contract using a server accessible by performing parties through a data network, and features:

“...receiving performance data at the server from at least one of the performing parties through the data network, the performance data indicating an amount of work performed under the contract by the at least one performing party; determining a payment amount based on the performance data; and sending the payment amount from the server to another one of the performing parties through the data network.”

In rejecting claim 31 under 35 U.S.C. § 102(b), the Final Office Action states, in part, that the PRIMAVERA Article teaches a method for administering performance of a contract over a data network that includes “determining a payment amount based on the performance data (Contract details are entered one time using familiar forms, and subcontractors simply apply performance data against the defined schedule of values, Para. 8)” See Final Office Action, pgs. 7-8.

Applicants submit that paragraph 8 of the PRIMAVERA Article does not disclose determining a payment amount based on performance data. Subcontractors merely applying performance data against a defined schedule of values would appear to involve simply associating work performed with previously determined schedule entries. This effort does not disclose determining a payment amount based on the performance data.

B. Rejections Improper

For at least the reasons set forth above, Applicants respectfully submit that a proper *prima facie* case of anticipation has not been established because the applied art

does not disclose at least one feature of each of independent claims 1, 28 and 31. Therefore, claims 1, 28 and 31 are patentable over the applied art, and claims 2, 4, 6-7, 29, 30, 32 and 33, which depend, directly or indirectly, from claims 1, 28 and 31, respectively, are patentable for at least the same reasons.

III. Rejection under 35 U.S.C. § 103(a)

The Final Office Action rejected claim 3 under 35 U.S.C. § 103(a) as being unpatentable over "Primavera" in view of "SK Drywall v. Developers Financial," ARIZONA BUSINESS GAZETTE, November 8, 1991, p. 52. See Final Office Action, pg. 10.

While Applicants do not concede the propriety of this rejection, because claim 3 depends from claim 1, it is patentable for at least the same reasons discussed above with respect to claim 1, and in view of its additional recitations.

IV. Rejection under 35 U.S.C. § 103(a)

The Final Office Action rejected claim 11 under 35 U.S.C. § 103(a) as being unpatentable over "Primavera" in view of "Retainage, what is it?" NEW YORK STATE OFFICE OF THE STATE COMPTROLLER, ACCOUNTING BULLETIN A-191 R1 (last updated October 18, 1999).

While Applicants do not concede the propriety of this rejection, because claim 11 depends from claim 1, it is patentable for at least the same reasons discussed above with respect to claim 1, and in view of its additional recitations.

V. Rejection under 35 U.S.C. § 103(a)

The Final Office Action rejected claims 12-24 and 34-37 under 35 U.S.C. § 103(a) as being unpatentable over "Primavera, as evidenced by Brochure," evidently referring to "Primavera PrimeContract: The Future of Construction" (2001) (hereinafter "the PRIMAVERA Brochure").³ See Final Office Action, pg. 10.

³ Although only the PRIMAVERA Brochure is initially identified, the Final Office Action primarily relies on portions of the PRIMAVERA Article in the substantive portions of the rejection, and specifically cites the PRIMAVERA Brochure with respect to claims 19 and 23. Applicants therefore treat the rejection of claims 12-12 and 34-37 under 35 U.S.C. § 103(a) as being unpatentable over the PRIMAVERA Article in

Applicants rely at least on the following standards with regard to proper rejections under 35 U.S.C. § 103. As provided in MPEP § 2143, to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art cited must teach or suggest all the claim limitations.

In addition, under 35 U.S.C. § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. While the sequence of these questions might be reordered in any particular case, the factors continue to define the inquiry that controls. If a court, or patent examiner, conducts this analysis and concludes the claimed subject matter was obvious, the claim is invalid or unpatentable under § 103. *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727; 82 U.S.P.Q.2D 1385 (2007), citing, in part *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966).

However, the Court in *KSR* continued: “A factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning. See *Graham*, 383 U.S., at 36, 86 S. Ct. 684, 15 L. Ed. 2d 545 (warning against a “temptation to read into the prior art the teachings of the invention in issue” and instructing courts to “guard against slipping into the use of hindsight” (quoting *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 412 (CA6 1964)). Moreover, if there is no suggestion to combine the teachings of the applied art, other than the use of Applicants’ invention as a template for its own reconstruction, a rejection for obviousness is improper. *Ex parte Crawford, et al.*, Appeal 20062429, May 30, 2007.

view of the PRIMAVERA Brochure.

A. Final Office Action

I. Claim 12

Independent claim 12 is drawn to a method for administering performance of a project using a web server accessible through a packet switched data network, and features:

“... creating a general contract schedule of values relating to the project, the general contract schedule of values comprising a plurality of general contract line items; receiving at least one subcontract schedule of values via the packet switched data network, the subcontract schedule of values comprising a plurality of subcontract line items; receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values; receiving at least one subcontract application for payment via the packet switched data network, the subcontract application for payment including the subcontract line items; updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment; and creating a general contract application for payment based on the updated contract line items; wherein the general contract application for payment automatically determines a total performed work amount and a payment amount due based on the total performed work amount.”

In rejecting claim 12 under 35 U.S.C. § 103(a), the Final Office Action relies on paragraph 8 of the PRIMAVERA Article to teach both receiving at least one subcontract schedule of values comprising a plurality of subcontract line items and creating a general contract schedule of values comprising a plurality of general contract line items. *See* Office Action, pgs. 11-12. In support of both alleged teachings, the Examiner explains only that “subcontractors apply performance data against a defined schedule of values, Para. 8.” *Id.* However, Applicants note that paragraph 8 does not mention “line items” at all. Further, paragraph 8 only discusses one schedule of values with respect to

subcontractors: "... subcontractors simply apply performance data against the defined schedule of values." Therefore, paragraph 8 of the PRIMAVERA Article teaches at most a general contractor schedule of values or a subcontractor schedule of values, but not both.

Further, the Final Office Action acknowledges that the PRIMAVERA Article and the PRIMAVERA Brochure do not teach receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values, updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment, and creating a general contract application for payment based on the updated contract line items, wherein the general contract application for payment automatically determines a total performed work amount and a payment amount due based on the total completed work amount. *See* Final Office Action, pg. 12.

The Examiner therefore made the unsubstantiated statement that "it would have been obvious to a person having skill in the art ... to apply the same methods of Primavera to progress payments between a general contractor and an owner or other similar entity in order to move efficiently track the progress of construction and effectuate prompt and accurate payments thereof." *Id.* However, claim 12 does not simply recite a general contractor applying for progress payments. Significantly, claim 12 includes associating subcontract and general contract line items, updating general contract line items based on associated subcontract line items, creating the general contract application for payment based on the updated line items, and automatically determining total performed work amount (based on the updated general contract line items) and a payment amount due based on the total performed work amount. The Examiner does not address these significant additional claim recitations, and provides no evidence that they would be obvious to one of ordinary skill in the art. Applicants further submit that these features are not obvious in view of the combination of the PRIMAVERA Article and the PRIMAVERA Brochure.

ii. Claim 34

Independent claim 34 is drawn to a computer readable medium storing a computer program for administering performance of a contract, the computer program being executed by a computer accessible through a data network, and features:

"...a general schedule of values code segment for enabling creation of a general contract schedule of values relating to the project, the general contract schedule of values comprising a plurality of general contract line items; a subcontract schedule of values code segment for receiving at least one subcontract schedule of values via the data network, the subcontract schedule of values comprising a plurality of subcontract line items; an associating code segment for receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values; a subcontract payment application code segment for receiving at least one subcontract application for payment via the packet switched data network, the subcontract application for payment including the subcontract line items; an updating code segment for automatically updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment; and a general contract payment application code segment for creating a general contract application for payment based on the updated contract line items; wherein the general contract application code segment automatically determines a total performed work amount and a payment amount due based on the total completed work amount."

In rejecting claim 34 under 35 U.S.C. § 103(a), the Final Office Action relies on paragraph 8 of the PRIMAVERA Article to teach both receiving a subcontract schedule of values code segment for receiving at least one subcontract schedule comprising a plurality of subcontract line items and a general schedule of values code segment for enabling creation of a general contract schedule of values comprising a plurality of general contract line items. *See* Office Action, pgs. 11-12. In support of both alleged teachings, the Examiner explains only that "subcontractors apply performance data against a defined schedule of values, Para. 8." *Id.* However, Applicants note that

paragraph 8 does not mention “line items” at all. Further, paragraph 8 only discusses one schedule of values with respect to subcontractors: “... subcontractors simply apply performance data against the defined schedule of values.” Therefore, paragraph 8 of the PRIMAVERA Article teaches at most a general contractor schedule of values (and corresponding code segment) or a subcontractor schedule of values (and corresponding code segment), but not both.

Further, the Final Office Action acknowledged that the PRIMAVERA Article and the PRIMAVERA Brochure do not teach receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values, updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment; and creating a general contract application for payment based on the updated contract line items, wherein the general contract application for payment automatically determines a total performed work amount and a payment amount due based on the total completed work amount. *See* Final Office Action, p. 12.

The Examiner therefore made the unsubstantiated statement that “it would have been obvious to a person having skill in the art ... to apply the same methods of Primavera to progress payments between a general contractor and an owner or other similar entity in order to move efficiently track the progress of construction and effectuate prompt and accurate payments thereof.” *Id.* However, claim 34 does not simply recite a general contractor applying for progress payments. Significantly, claim 34 includes an associating code segment for receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values, a general contract payment application code segment for creating a general contract application for payment based on the updated contract line items, and the general contract application code segment automatically determining a total performed work amount and a payment amount due based on the total completed work amount. The Examiner does not address these significant additional claim recitations, and provides no evidence that they would be obvious to one of ordinary skill in the art. Applicants further submit that these features

are not obvious in view of the combination of the PRIMAVERA Article and the PRIMAVERA Brochure.

B. Rejections Improper

For at least the reasons set forth above, Applicants respectfully submit that a proper *prima facie* case of obviousness has not been established because the applied art, either alone or in any proper combination, does not disclose at least one feature of each of independent claims 12 and 34. Therefore, claims 12 and 34 are patentable over the applied art, and claims 13-24 and 35-37, which depend, directly or indirectly, from claims 12 and 34, respectively, are patentable for at least the same reasons.

Claims 13-24 and 35-37 are patentable based on their additional recitations, as well. For example, claim 15 recites, in part, "initially creating a project profile and assigning roles to participants, including the at least one subcontractor and at least one of an owner and an architect." Claim 35 similarly recites, in part, "a project creating code segment for enabling initial creation a project profile and assignment of roles to participants, including the at least one subcontractor and at least one of an owner and an architect." The Examiner relied on paragraph 16 of the PRIMAVERA Article, which states that facility owners and their engineers and contractors "collaborate over the Internet." See Final Office Action, pg. 13. The Examiner asserted that facility owners, engineers and contractors collaborating teaches creating a project file and assigning roles to participants. However, there is no mention of a project file or assigning roles to participants in the PRIMAVERA Article.

In addition, claims 16, 17 and 36, 37 depend from claims 15 and 35, respectively. Claims 16 and 36 recite, in part, "in which assigning roles comprises selecting at least one of the participants from a database accessible by the web server," and claims 17 and 37 recite, in part, "in which assigning roles comprises identifying a proxy to represent the at least one of the participants, wherein the subcontract schedule of values and the subcontract application for payment are received from the proxy." The Examiner relied on the same portion of the PRIMAVERA Article in rejecting claims 16, 36 and 17, 37. See Final Office Action, pgs. 13-14. However, there is no mention of a database or

selecting participants from a database (claims 16 and 36) and there is no mention of a proxy (claims 17 and 37), as acknowledged by the Examiner.

Further, with respect to claims 17 and 37, the Examiner asserted that a "proxy" is simply someone authorized to act for another, and that facility owners, engineers and contractors may authorize others to act for them. *See* Final Office Action, pg. 14. However, there is absolutely no teaching or suggestion of facility owners, engineers and contractors authorizing others to act for them in the PRIMAVERA Article, particularly in the manner in which proxies are disclosed in the present application. *See, e.g.*, paras. [0050] – [0052]. For example, a proxy is created when a participant is not in the database.

Accordingly, Applicants respectfully submit that claims 15-17 and 35-37 are patentable for these additional reasons.

8. Conclusion

In view of the foregoing, Applicants respectfully request: the withdrawal of all objections and rejections of record; the allowance of all pending claims; and the holding of the application in condition for allowance.

Respectfully submitted on behalf of:

Hart Business Solutions

/VAN C. ERNEST/

by: Van C. Ernest (Reg. No. 44,099)

Date: July 21, 2008

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Appendix

Claims on Appeal

1. A method for administering performance of a contract using a server accessible by a plurality of performing parties through a data network, the method comprising:

receiving performance data at the server from at least one of the performing parties through the data network, the performance data indicating an amount of work performed under the contract by the at least one performing party;

automatically calculating a contract markup amount based on the performance data; and

determining a payment amount based on the performance data and the contract markup amount.

2. The method for administering performance of the contract according to claim 1, in which the network comprises a public Internet.

3. The method for administering performance of the contract according to claim 1, in which the performance data further comprises an amount of material stored.

4. The method for administering performance of the contract according to claim 1, further comprising initially storing a schedule of values associated with performance of the contract, wherein determining the payment amount is further based on comparing the performance data with the schedule of values.

6. The method for administering performance of the contract according to claim 1, further comprising:

sending the payment amount from the server to another one of the performing parties through the data network.

7. The method for administering performance of the contract according to claim 6, further comprising:

sending an electronic message to another one of the performing parties indicating

that the payment amount has been determined; and

receiving a request from the messaged party to receive the payment amount through the data network.

11. The method for administering performance of the contract according to claim 1, in which determining the payment amount is further based on a retainage amount, the retainage amount being a predetermined percentage applied to the application for payment.

12. A method for administering performance of a project using a web server accessible through a packet switched data network, the method comprising:

creating a general contract schedule of values relating to the project, the general contract schedule of values comprising a plurality of general contract line items;

receiving at least one subcontract schedule of values via the packet switched data network, the subcontract schedule of values comprising a plurality of subcontract line items;

receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values;

receiving at least one subcontract application for payment via the packet switched data network, the subcontract application for payment including the subcontract line items;

updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment; and

creating a general contract application for payment based on the updated contract line items;

wherein the general contract application for payment automatically determines a total performed work amount and a payment amount due based on the total performed work amount.

13. The method for administering performance of the project according to claim 12, further comprising submitting the general contract application for payment via the packet switched data network.

14. The method for administering performance of the project according to claim 13, further comprising receiving an approval of the general contract application for payment via the packet switched data network.

15. The method for administering performance of the project according to claim 12, further comprising initially creating a project profile and assigning roles to participants, including the at least one subcontractor and at least one of an owner and an architect.

16. The method for administering performance of the project according to claim 15, in which assigning roles comprises selecting at least one of the participants from a database accessible by the web server.

17. The method for administering performance of the project according to claim 15, in which assigning roles comprises identifying a proxy to represent the at least one of the participants, wherein the subcontract schedule of values and the subcontract application for payment are received from the proxy.

18. The method for administering performance of the project according to claim 12, in which the subcontract schedule of values is based on a predetermined template accessible through the packet switched data network.

19. The method for administering performance of the project according to claim 12, in which creating the general contract application for payment is further based on a change order corresponding to at least one of the general contract schedule of values and the at least one subcontract schedule of values.

20. The method for administering performance of the project according to claim 12, in which creating the general contract application for payment includes entering at least one of a work completed amount and a material presently stored amount.

21. The method for administering performance of the project according to claim 20, in which entering at least one of the work completed amount and the material presently stored amount is performed automatically based on the subcontract application for payment.

22. The method for administering performance of the project according to claim 20, in which entering at least one of the work completed amount and the material presently stored amount comprises receiving a dictated amount, different than the at least one of the work completed amount and the material presently stored amount, via the packet switched data network.

23. The method for administering performance of the project according to claim 12, further comprising modifying the received subcontractor application for payment before updating the general contract line items, based on permission to modify the received subcontractor application received via the packet switched data network.

24. The method for administering performance of the project according to claim 12, in which the packet switched data network comprises a public Internet.

28. A system for enabling a contract payment process, comprising:
a database for storing data relating to each of a plurality of users, the data comprising an account number corresponding to each user; and
a computer for receiving via a communications network a payment request from at least one user of the plurality of users, the request for payment being based on performance of at least one portion of the contract by the user;

wherein an electronic payment directed to the account number corresponding to the user is initiated in response to the payment request when the payment request is approved.

29. The new system according to claim 28, wherein the server is configured for tracking a status of completion of work under the contract based, at least in part, on the performance of at least a portion of the contract by the user.

30. The new system according to claim 28, wherein the server is configured for sending or receiving information to the at least one user via e-mail, the information relating to at least one of a draw, an inspection and an approval.

31. A method for administering performance of a contract using a server accessible by a plurality of performing parties through a data network, the method comprising:

- receiving performance data at the server from at least one of the performing parties through the data network, the performance data indicating an amount of work performed under the contract by the at least one performing party;
- determining a payment amount based on the performance data; and
- sending the payment amount from the server to another one of the performing parties through the data network.

32. The method of claim 31, further comprising:

- sending an electronic message to the other one of the performing parties indicating that the payment amount has been determined; and
- receiving a request from the other one of the performing parties to receive the payment amount through the data network,

wherein the payment amount is sent from the server to the other one of the performing parties through the data network in response to the received request.

33. The method of claim 31, wherein sending the payment amount from the server to another one of the performing parties through the data network comprises sending an electronic payment to a predetermined account of the other one of the performing parties.

34. A computer readable medium storing a computer program for administering performance of a contract, the computer program being executed by a computer accessible through a data network, the computer readable medium comprising:

- a general schedule of values code segment for enabling creation of a general contract schedule of values relating to the project, the general contract schedule of values comprising a plurality of general contract line items;

- a subcontract schedule of values code segment for receiving at least one subcontract schedule of values via the data network, the subcontract schedule of values comprising a plurality of subcontract line items;

- an associating code segment for receiving associations between the subcontract line items of each subcontract schedule of values and the general contract line items of the general contract schedule of values;

- a subcontract payment application code segment for receiving at least one subcontract application for payment via the packet switched data network, the subcontract application for payment including the subcontract line items;

- an updating code segment for automatically updating the general contract line items based on information in the associated subcontract line items received in the subcontract application for payment; and

- a general contract payment application code segment for creating a general contract application for payment based on the updated contract line items;

wherein the general contract application code segment automatically determines a total performed work amount and a payment amount due based on the total completed work amount.

35. The computer readable medium of claim 34, further comprising:

a project creating code segment for enabling initial creation a project profile and assignment of roles to participants, including the at least one subcontractor and at least one of an owner and an architect.

36. The computer readable medium of claim 35, in which assigning roles comprises selecting at least one of the participants from a database accessible by the computer.

37. The computer readable medium of claim 35, in which assigning roles comprises identifying a proxy to represent the at least one of the participants, wherein the subcontract schedule of values and the subcontract application for payment are received from the proxy.

Appendix

Evidence

Declaration of Sherwood Creedle

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent application of :
Sherwood CREEDLE et al. : Group Art Unit: 4175
Application No.: 10/673,142 : Examiner: Adam G. Hale
Filed: September 30, 2003 : Confirmation No.: 3841
ADMINISTERING A CONTACT OVER A DATA NETWORK

DECLARATION OF SHERWOOD CREEDLE

1. I, Sherwood Creedle, declare that I have first-hand knowledge of the facts set forth in this Declaration
2. I am an inventor of the claimed subject matter of U.S. Patent Application No. 10/673,142, Attorney Docket No. HART.0002.
3. More than one year prior to October 4, 2002, a private meeting was held at Cap Tech Ventures, Inc.'s office in Richmond, Virginia, which included myself, co-inventor Michael Petersen of Hart Business Solutions (assignee of the present application), Kevin McQueen of Hart Business Solutions' software developer CapTech Ventures, Inc. ("Captech"), two general contractors and one subcontractor. There were no other attendees at the meeting.
4. Each attendee was personally invited by me, and no one other than the invited attendees were permitted to participate.
5. At the time of the meeting, Hart Business Solutions was in the preliminary design stages, and no software code had yet been developed or written.
6. I considered the attendees to have experience and expertise in the performance and administration of construction contracts.
7. The purpose of the meeting, therefore, was to gather feedback and to determine whether a product generally enabling administration of a contract over the Internet was desirable, and whether there was a potential market for such a product.
8. It was not the purpose of the meeting to offer to sell such a product to any of the attendees, and an offer to sell was not made during the meeting.
9. The meeting was not open to the public, and each of the attendees was expressly informed that the information presented during the meeting was confidential and proprietary.

10. A copy of the PowerPoint presentation, attached to the Information Disclosure Statement, filed April 9, 2004, was distributed to each of the attendees during the meeting, and was subsequently collected from each of the attendees at the conclusion of the meeting.

11. The attendees were instructed not to take notes of the presentation during the meeting.

12. There was no discussion of price at the meeting.

13. There was no discussion of delivery time or place at the meeting.

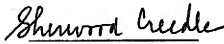
14. "Guests" listed on page 3 of the PowerPoint presentation referred to the two general contractors and one subcontractor who attended the meeting.

15. Hart Business Solutions had a written confidentiality/non-disclosure agreement in place with Captech, which developed software relating to the invention, at the time of the meeting.

16. One of the attending general contractors had previously entered into a confidentiality agreement with Sherwood Creedle and Michael Peterson of Hart Business Solutions.

17. I understand that willful false statements are punishable by fine, imprisonment, or both, as provided by 18 U.S.C. 1001, and may jeopardize the validity of the present application or any patent issuing thereon.

I declare that all statements made herein are based upon my own knowledge and to the best of my knowledge, are true and all statements made on information and belief are believed to be true.


Sherwood Creedle

Appendix

Related Proceedings (None)